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1 A. Somewhat. I agree that it is Ameritech's responsibility to ensure that its OSS are
2 functional. The best manner to evaluate whether Ameritech's OSS are functional is actual
3 use, rather than "sufficient testing" by Ameritech. Mr. Rogers' statement that he "cannot
4 comment" on the performance of Ameritech's OSS on the carrier customer's side of the
5 interface is troubling. Ameritech Illinois Ex. 9.0 at 16. The OSS are mutually dependent on
6 both Ameritech and the interconnecting carriers. Ameritech should not simply have the OSS
7 set up on its side of the interface and await interconnection and use by other carriers. In
8 order for the OSS to work in a commercially feasible manner, Ameritech has the added
9 responsibility to ensure the connecting carriers have sufficient information of Ameritech's
10 OSS, including working with carriers that experience rejected orders and/or orders that
11 require manual intervention.

12

13 Q. Is it sufficient for Ameritech's OSS to have undergone internal testing in order for the
14 OSS to be deemed operational?

15 A. No. As Mr. Rogers' supplemental testimony demonstrates, there have been errors
16 with the testing of Ameritech's OSS for ordering of resale services. Just because Ameritech
17 has completed internal testing of its various OSS, there is no assurance that other carriers
18 will be able to effectively utilize the OSS in a commercially feasible manner. There may be
19 oversights in a carrier's implementation of Ameritech's OSS specifications manuals.
20 Alternatively, Ameritech's OSS specification manuals may not be entirely clear, so that a
21 carrier may reasonably interpret the manuals differently than interpreted by Ameritech. Such

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1 a situation would result in an error and failure to complete an order. Therefore, it is
2 essential that Ameritech's OSS meet the following criterion: internal testing by Ameritech;
3 testing with other carriers; and operational readiness. The operational readiness is the most
4 difficult criteria to define and can be different for each carrier. It is dependent on a carrier's
5 testing with Ameritech to a level where the carrier can successfully utilize Ameritech's OSS
6 on a commercially feasible level. Each carrier should develop benchmarks that will measure
7 its progress to predict the degree of successful orders that will be processed by Ameritech.

8

9 Q. Please explain what you mean by in stating that each of Ameritech's OSS functions
10 must be able to be utilized on a commercially feasible level?

11 A. A commercially feasible level implies that carriers are able to utilize Ameritech's OSS
12 in a sufficient manner that will accommodate the demand of a new LEC's services by end
13 users. For example, in order for a carrier to effectively compete in the local exchange
14 market, it must be able to offer its services to the general public with the expectation that all
15 service orders will be processed.

16

17 Q. Is it your understanding that Ameritech continues to update its OSS specification
18 manuals? If so, how difficult is it to determine if Ameritech's OSS are commercially
19 operational?

20 A. Yes. It is my understanding that Ameritech continues to update its ordering
21 specification manual and is expected to issue a revision in early January of 1997. In order to

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1 determine the number of revisions Ameritech has made to its specification manuals, I have
2 submitted a data request to Ameritech. If Ameritech issues a revised specification manual
3 with significant changes, then it makes the previous testing obsolete. Carriers such as AT&T
4 will have to retest the ordering OSS to ensure that both their system and Ameritech's system
5 are commercially functional. Continual revisions to the specification manuals by Ameritech
6 signifies a degree of uncertainty regarding the operational readiness of Ameritech's OSS.

7

8 Q. Have you reviewed the test results of AT&T attached to Mr. Rogers' supplemental
9 rebuttal testimony?

10 A. Yes. One troubling fact of the test results is the relative number of orders processed
11 through "manual intervention." Even though the orders are successfully processed through
12 manual intervention, there is a question of why 47 out of 67-(70 percent) processed orders
13 required manual intervention. An even more critical question arises; does Ameritech have
14 sufficient capacity to process orders in a commercially feasible manner where 70 percent of
15 the orders require manual intervention? In order to further evaluate this question, I have
16 submitted data requests to Ameritech.

17

18 Q. Have there been any test results between Ameritech and other carriers regarding
19 Ameritech's pre-service ordering function?

20 A. No. I am not aware of any test results between Ameritech and other carriers
21 regarding pre-service ordering function utilizing Ameritech's OSS.

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1 II. Resale

2 Q. In your rebuttal testimony, you stated that you did not have time to sufficiently review
3 Ameritech's wholesale tariff filed on November 20, 1996. (ICC Staff Ex. 4.01 at 9). Have
4 you now had time to review Ameritech's wholesale tariff filed on November 20, 1996, and
5 does it comport with the Commission's Resale Order and the FCC Order?

6 A. Yes, I have reviewed Ameritech's November 20, 1996, resale tariff filing and have
7 found four areas where the tariff is not in compliance with the Commission's Resale Order.
8 Those areas are: Branding and unbundling of operator and directory assistance from
9 wholesale services (Tariff 19, Part 22, Sec. 1, Sheet 3); Mirroring of Retail Tariff for term
10 commitments of Priority and Priority Plus rate elements (Tariff 19, Part 22, Sec. 3, Sheet
11 32), PBX, Centrex trunks (Tariff 19, Part 22, Sec. 5, Sheet 16), and Busy Line Verify and
12 Busy Line Interrupt were excluded (Tariff 20, Part 22, Sec. 11, Sheet 5). Staff has been in
13 discussions with Ameritech who has agreed to file revisions to their resale tariff addressing
14 all issues, except branding. However, it is my understanding that Ameritech has not yet
15 filed any such revisions. Therefore, it is Staff's intention to recommend an investigation of
16 Ameritech's wholesale tariff and compliance with the Commission's Resale Order.

17

18 Q. Have you reviewed Ameritech's proposed SGAT and contracts with MFS, TCG, and
19 CCT regarding resale?

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1 A. Yes. In review of the proposed SGAT, I have found an area where the proposed
2 SGAT is not in compliance with the FCC Rules. Section 10.5.5 of the proposed SGAT
3 states:

4 As provided in the Act, Requesting Carrier may not purchase Resale Services unless
5 such services are resold to a person other than Requesting Carrier, its subsidiaries and
6 Affiliates.

7
8 This clause is not consistent with Section 251 or the FCC Rules implementing that Section.
9 Section 251(c)(4) of the 1996 Act sets forth the duty incumbent LECs must meet regarding
10 resale. This section of the Act requires the incumbent LEC:

11 (A) to offer for resale at wholesale rates any telecommunications service that the
12 carrier provides at retail to subscribers who are not telecommunications carriers; and
13

14 (B) not to prohibit, and not to impose unreasonable or discriminatory conditions or
15 limitations on, the resale of such telecommunications service, except that a State
16 commission may, consistent with regulations prescribed by the Commission under this
17 section, prohibit a reseller that obtains at wholesale rates a telecommunications service
18 that is available at retail only to a category of subscribers from offering such service
19 to a different category of subscribers.

20
21 Section 251(c)(4) basically requires that Ameritech meet the following: (1) It must offer its
22 retail services to other carriers at wholesale rates; (2) it may not impose unreasonable or
23 discriminatory restrictions on the resale of its retail services; and (3) it may allow a
24 restriction on resellers reselling residential services to business customers or vice-versa. A
25 simple reading of the statute does not allow the restriction set forth in Section 10.5.5 of the
26 proposed SGAT.

27

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1 The FCC rules implementing Section 251(c) also do not allow the restriction in
2 Section 10.5.5 of the proposed SGAT. Section 51.613(a) of the FCC's rules allows only two
3 types of restrictions on resale: cross-class selling and short term promotions. Section
4 51.613(b) states as follows:

5 With respect to any restrictions on resale not permitted under paragraph (a), an
6 incumbent LEC may impose a restriction only if it proves to the state commission that
7 the restriction is reasonable and nondiscriminatory.

8
9 Ameritech has not made such a showing.

10 I note that this issue is being arbitrated in Docket 96 AB-008 between Sprint and
11 Ameritech. Staff has opposed Ameritech's proposed resale restriction in that docket, as
12 being inconsistent with the FCC's rules. This is also an issue in Docket 96 AA-001, if the
13 negotiated portions of the Ameritech/AT&T agreement are evaluated using the standards for
14 arbitrated agreements.

15 In addition, this provision is not consistent with Section 251 or the FCC Rules
16 implementing that Section and paragraph 875 of the FCC Order. Paragraph 875 of the FCC
17 Order states:

18 We conclude that section 251(c)(4) does not require incumbent LECs to make services
19 available for resale at wholesale rates to parties who are not "telecommunications
20 carriers" or who are purchasing service for their own use. The wholesale pricing
21 requirement is intended to facilitate competition on a resale basis. Further, the
22 negotiation process established by Congress for the implementation of section 251
23 requires incumbent LECs to negotiate agreements, including resale agreements, with
24 "requesting telecommunications carrier or carriers," not with end users or other
25 entities. We further discuss the definition of "telecommunications carrier" in Section
26 IX. of the Order.
27

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1 The first sentence of paragraph 875 limits the purchase of wholesale services to (1) non-
2 telecommunications carriers and (2) parties who are purchasing for their own use.
3 Telecommunication carriers are entitled to purchase wholesale services from Ameritech.
4 Ameritech has relied in Docket 96 AB-008 on the clause "who are purchasing service for
5 their own use" as the basis for the language in its proposed Section 10.5.5. However, a
6 carrier will not be purchasing wholesale services solely for its own use; rather, it will
7 purchase wholesale services as a carrier for resale to end users. Therefore, it is entitled,
8 according to paragraph 875 of the FCC Order, to purchase wholesale services for its own use
9 in addition to the wholesale services purchased for resale. In essence, the carrier, as an end
10 user, is entitled to "purchase" resold services from a reseller (including itself) just like any
11 other end user. The clause "who are purchasing service for their own use" is intended to
12 prevent end users from becoming telecommunications carriers just to purchase service for
13 themselves at wholesale rates.

14

15 III. Unbundled Local Switching

16 Q. Have you reviewed Mr. Gebhardt's supplemental rebuttal testimony regarding
17 unbundled local switching ("ULS")?

18 A. Yes. I will comment on three areas of Ameritech's ULS offering through its
19 proposed SGAT and Mr. Gebhardt's discussion in his rebuttal and supplemental rebuttal
20 testimony. First, I agree with Mr. Gebhardt's Exhibit 1.2, Schedule 1, regarding the
21 payment of compensation between purchasers of ULS and other carriers in all but one

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1 respect. Contrary to the Commission's wholesale order, the proposed SGAT provides that
2 purchasers of the ULS will pay the Common Carrier Line ("CCL") charge and 75 % of the
3 Residual Interconnection Charge ("RIC"). Mr. Gebhardt also recognizes this fact in his
4 rebuttal testimony. Ameritech Illinois Ex. 1.1 at 52. I disagree with Ameritech's proposed
5 ULS service that requires carriers to pay any originating and/or terminating access charges to
6 Ameritech. (ICC Staff Ex. 4.00 at 6 and 4.01 at 8).

7 The second comment I will make is that the proposed SGAT does not include
8 common transport because Ameritech is taking the position that "common transport" is not a
9 network element. Ameritech Illinois Ex. 1.1 at 54. I disagree with Mr. Gebhardt's claim
10 that common transport is not a network element; however, I am not aware of any carrier that
11 has requested common transport as an unbundled network element in any of the arbitration
12 proceedings. A requirement that carriers must purchase dedicated transport to provide end to
13 end telecommunications service (i.e., use of the platform - combining ULS, unbundled loops
14 with dedicated transport) will result inefficient utilization of the network. The inefficient
15 utilization of the network will occur because carriers will not find it cost effective to
16 purchase dedicated transport from an end office to other end offices, including both adjacent
17 end offices and those connected through an Ameritech tandem (i.e., essentially replicating
18 Ameritech's local transport network). Instead, carriers will purchase ULS and dedicated
19 transport to an Ameritech tandem office as mutual compensation traffic for the purpose of
20 providing end to end service by recombining unbundled network elements. Under mutual
21 compensation, Ameritech would then be responsible for terminating the traffic to the called

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1 destination. Therefore, traffic that normally would be directly routed to an adjacent
2 Ameritech end office will now be routed to Ameritech's tandem and then to the adjacent end
3 office for completion. This unintended consequence could result in capacity exhaustion of
4 the tandem since calls that normally would have been directly routed from one end office
5 switch to another end office switch would be routed to the tandem.

6 The final comment regards Ameritech's requirement that custom routing must be
7 purchased in conjunction with the ULS. Although I do not necessarily agree that carriers
8 should have to purchase custom routing, I find it odd that Ameritech requires custom routing
9 for ULS, but yet has argued that custom routing is not technically feasible for unbundling
10 operator services and directory assistance from wholesale services.

11

12 IV. Pricing of Interconnection and Unbundled Network Elements

13

14 Q. Have you reviewed Ameritech's proposed SGAT, TCG contract, MFS contract, and
15 CCT contract for compliance with the pricing standards in Section 252(d) of the Act?

16 A. Yes. The prices contained in Ameritech's proposed SGAT and the Ameritech/TCG
17 contract are the same ones adopted by the Commission in Docket 96 AB-003/4 and 96 AB-
18 006.¹ However, the prices contained in Ameritech's contracts with MFS and CCT are
19 significantly higher than those adopted by the Commission in Dockets 96 AB-003/4 and 96
20 AB-006. The listed prices for unbundled loops, nonrecurring charges, and the cross connect

21 ¹With one exception, the Ameritech/TCG price for DS1 cross connect is significantly less
22 than that adopted in Docket 96 AB-003/4.

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1 rate for collocation are not consistent with Section 252(d). There is no cost basis for the
2 rates in these agreements. However, in Docket 96 AB-003/4, the Commission set rates for
3 Ameritech's unbundled network elements, interconnection, and mutual compensation that
4 were based on Section 252(d) of the Act. Therefore, the rates developed in Docket 96 AB-
5 003/4 are the only comparison I have to determine if the rates in the MFS and CCT
6 agreements are consistent with Section 252(d) of the Act.

7 There are some significant differences between the rates in the MFS and CCT
8 agreements and those based on Section 252(d) of the Act adopted in the AT&T/Ameritech
9 arbitration proceeding. Therefore, I recommend that the Commission find that the rates for
10 unbundled loops in the agreement are not consistent with Section 252(d) of the Act.

11

12 V. Predominantly Facilities-based Competitors - -

13 Q. Please comment on determining whether a new LEC is providing service
14 predominantly over its own facilities.

15 A. As discussed by Staff witness TerKeurst, a relative LRSIC analysis is more
16 appropriate than a "net revenue test" to determine if a carrier is providing service
17 predominantly over its own facilities. Specifically, a relative LRSIC analysis could be used
18 to determine if a carrier is predominantly utilizing its own facilities or relying predominantly
19 on Ameritech's facilities. In order to determine if a carrier is predominantly utilizing its
20 own facilities, the LRSICs for the following network elements must be calculated and
21 identified. In Docket 96 AA-003/4, Ameritech provided the following LRSIC data:

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1 unbundled loops in access area A, B, and C. unbundled switching (ULS ports, trunk ports,
2 and usage) and interoffice transport (DS1, DS3, etc.) If a carrier installs its own switch,
3 then it has the capacity to service 20,000 to 60,000 lines on average. Since the carrier
4 installing its own switch incurs the costs on a total basis as opposed to a per line or customer
5 basis, the LRSIC of the average switch must be calculated. Since I do not have the average
6 number of lines TCG, MFS, and CCT currently have in their respective switches, the
7 average number of lines Ameritech's switches have in Access Area A can be used. In
8 addition, the average costs per switch for usage must be estimated as well as the average
9 costs of transport for mutual compensation. The sum of the carrier's LRSIC can then be
10 compared to the amount of costs it incurs in purchasing unbundled loops. If the sum of the
11 LRSICs of a carrier's equipment is greater than the sum of the LRSICs of unbundled loops
12 purchased from Ameritech, then the carrier is providing local telecommunications service
13 predominantly over its own facilities.

14 However, at this time I do not have sufficient information to perform such an
15 analysis. I expect to have the necessary information by the time of hearings to determine if
16 MFS, TCG, and/or CCT meet this criteria. Although I will withhold final judgement until
17 my analysis is completed, however, I do expect that, under a relative LRSIC analysis, a
18 switched-based carrier will meet the predominantly facilities-based standard.

19

20 Q. Please explain why using relative LRSICs is more appropriate than a "net revenue
21 test"?

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1 A. The relative LRSIC approach measures the relative costs of providing
2 telecommunications service. Where as, the net revenue test measures the value of a
3 service(s) by consumers and the manner by which carriers recover their costs. The costs of
4 an element or service reflects the costs to society, rather than the value place on a service by
5 society. The telecommunications market allows carriers to sell services at prices which do
6 not reflect the costs or the manner by which costs are incurred to provide the service. For
7 example, a carrier could charge less than costs for local service and charge more than costs
8 for long distance service to remain profitable. However, it is the cost of a service or
9 element that determines whether a new LEC builds its own or purchases services or elements
10 from Ameritech.

11

12 V. Conclusion

13 Q. Does this conclude your Rebuttal Testimony?

14 A. Yes.

NORMAN C. WITTE

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January 9, 1997

Ms. Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, Michigan 48909

Re: *In the matter, on the Commission's own motion, to consider Ameritech
Michigan's compliance with the competitive checklist in section 271 of the
Telecommunications Act of 1996, Case No. U-10860*

Dear Ms. Wideman:

Enclosed for filing in your usual manner please find an original and fifteen copies of the Comments of the Competitive Telecommunications Association on Ameritech Michigan's Submission of Information, and a proof of service regarding the same.

Thank you for your attention to this matter. Please call me if you have any questions regarding this filing.

Sincerely,

Norman C. Witte

cc: Linda L. Oliver, Esq.
Mr. Andrew L. Regitsky
All Parties on Service List

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STATE OF MICHIGAN
BEFORE THE PUBLIC SERVICE COMMISSION

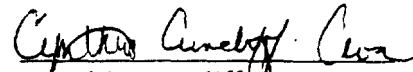
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motion, to consider Ameritech Michigan's
compliance with the competitive checklist
in Section 271 of the Telecommunications
Act of 1996.

Case No. U-11104

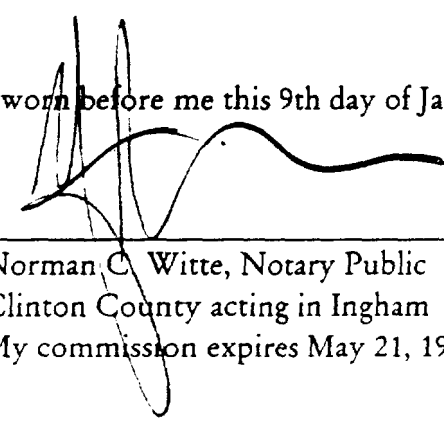
PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF INGHAM)

Cynthia Cundiff-Cross, being duly sworn, states that on January 9, 1997, she served a copy of the Comments Of The Competitive Telecommunications Association On Ameritech Michigan's Submission Of Information by Federal Express upon those on the attached Service List, except Mr. Richard D. Gamber, Jr., to whom it was hand-delivered.


Cynthia Cundiff-Cross

Sworn before me this 9th day of January, 1997



Norman C. Witte, Notary Public
Clinton County acting in Ingham
My commission expires May 21, 1999.

STATE OF MICHIGAN
BEFORE THE PUBLIC SERVICE COMMISSION

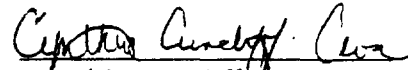
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Act of 1996.)

Case No. U-11104

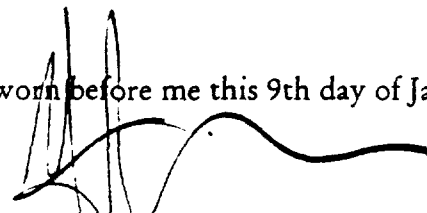
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Cynthia Cundiff-Cross

Sworn before me this 9th day of January, 1997



Norman C. Witte, Notary Public
Clinton County acting in Ingham
My commission expires May 21, 1999.

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**STATE OF MICHIGAN
BEFORE THE PUBLIC SERVICE COMMISSION**

In the matter, on the Commission's own)
motion, to consider Ameritech Michigan's)
compliance with the competitive checklist) Case No. U-11104
in Section 271 of the Telecommunications)
Act of 1996.)

**COMMENTS OF THE COMPETITIVE
TELECOMMUNICATIONS ASSOCIATION ON AMERITECH
MICHIGAN'S SUBMISSION OF INFORMATION**

The Competitive Telecommunications Association ("CompTel"), a national industry association representing over 200 competitive providers of telecommunications services, many of which provide service in Michigan, submits the following comments on Ameritech Michigan's information submission dated December 16, 1996 regarding checklist compliance.

Ameritech Michigan's filing demonstrates that Ameritech has failed to satisfy the requirements of the competitive checklist in § 271 of the Telecommunications Act of 1996 ("1996 Act") and the FCC rules implementing the 1996 Act. The focus of these comments is on Ameritech's failure to comply with the most basic requirements for the unbundled local switching element. It is particularly critical that unbundled elements, especially the unbundled local switching element, be structured properly to enable competitive carriers to provide a full complement of local telecommunications services, including local exchange and inter-

exchange access service. Ameritech Michigan's filing is deficient in many other respects, which we leave to other parties to discuss in detail.

Ameritech, in its introductory information and the affidavits of its Michigan witnesses, generally alleges that its unbundled local switching element satisfies relevant requirements, but these documents do not provide detailed information about the manner in which this element is structured and priced. Instead, Ameritech attaches and relies on the testimony of a witnesses in an Illinois proceeding, David H. Gebhardt, for such details.¹ Given Ameritech Michigan's reliance on Mr. Gebhardt's testimony in this context, we assume that Ameritech Michigan's unbundled local switching offering is identical to Ameritech Illinois's offering in pertinent respects. In response to that showing, we are attaching to these comments the Prefiled Direct, Rebuttal and Supplemental Rebuttal Testimony of Joseph Gillan, CompTel's witness in that Illinois proceeding.² Mr. Gillan's testimony addresses the same issues that Mr. Gebhardt and other Illinois witnesses address, which Ameritech submitted in the record of this proceeding. As we show below and in the attached expert testimony, Ameritech's unbundled local switching element fails to satisfy the applicable legal requirements for a number of reasons.

¹ Rebuttal Testimony of David H. Gebhardt, ICC Docket No. 96-0404, Ameritech Illinois Ex. 1.1 (undated) ("Gebhardt Testimony"), at 46-59.

² Prefiled Direct, Rebuttal and Supplemental Rebuttal Testimony of Joseph Gillan on behalf of the Competitive Telecommunications Association, ICC Docket No. 96-0404, CompTel Exhibits 1.0, 1.1 and 1.2 November 6, 1996, November 22, 1996 and January 3, 1997 ("Gillan Testimony") (attached to these comments).

First, the 1996 Act requires incumbent local exchange carriers such as Ameritech to provide network elements "in a manner that allows the requesting telecommunications carrier to provide any telecommunications service that can be offered by means of that network element."³ Originating and terminating interstate access are among the telecommunications services that can be provided using the unbundled local switching element. The statutory definition of unbundled elements and the FCC's implementing rules make it clear that competitive carriers are entitled to use the unbundled local switching element to provide originating and terminating interexchange access to themselves⁴ and to other customers.⁵ They also, for the same reason, may not be required to pay interexchange access charges to the LEC.⁶

Yet Ameritech's offerings are structured in a manner that would deny competing carriers using unbundled local switching the unrestricted right to provide terminating interex-

³ 47 C.F.R. § 51.307(c). This FCC rule, interpreting the similarly worded Section 251(c)(3) of the 1996 Act, 47 U.S.C. § 251(c)(3), has not been stayed by the U.S. Court of Appeals for the Eighth Circuit. See *Iowa Utilities Board v. FCC*, No. 96-3321, Order Granting Stay Pending Judicial Review, slip op. at 8-9 & n.3 (8th Cir., Oct. 15, 1996).

⁴ See 47 C.F.R. § 51.309(b) ("A telecommunications carrier purchasing access to an unbundled network element may use such network element to provide exchange access services to itself in order to provide interexchange services to subscribers."). This non-pricing provision of the FCC's interconnection regime has not been stayed.

⁵ "Thus, a carrier that purchases the unbundled local switching element to serve an end user effectively obtains the exclusive right to provide all features, functions, and capabilities of the switch, including switching for exchange access and local exchange service, for that end user." *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Order on Reconsideration*, CC Docket No. 96-98, FCC 96-324, at 11 (released Sept. 27, 1996) ("FCC Interconnection First Reconsideration Order"). Again, this non-pricing provision of the FCC's interconnection regime has not been stayed. See also 47 U.S.C. § 251(c)(3).

⁶ See 47 C.F.R. §§ 51.307(c) and 51.309(b); *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, FCC 95-325, at 356-68 (released August 8, 1996). ("FCC Interconnection Order").

change access service, and instead would preserve Ameritech's monopoly over such service, as shown in Mr. Gillan's testimony.⁷ Specifically, Ameritech intends to impose its own terminating interexchange access charges for *local switching* in cases where carriers terminate traffic over Ameritech's transport network⁸ – effectively denying the competitive carrier the ability to provide (and charge its customers for) this service, in violation of § 251(c)(3) of the Act and in violation of the FCC's rules.⁹ Under Ameritech's arrangement, unbundled local switching purchasers could provide (and charge for) terminating interexchange access *only* in cases where they also provide transport service.

Moreover, Ameritech's proposed restriction on the use of the unbundled local switching element ignores the reality of how local exchange and interexchange access service are provisioned.¹⁰ For any given local loop and the associated local switching (whether provided directly by an incumbent LEC or by a competitive carrier using unbundled elements), local exchange traffic and interexchange traffic must pass over the same physical facilities. Interoffice transport is different, however: local exchange traffic and interexchange traffic may use different interoffice transport facilities. Again, this is true whether the local service is provided directly by an incumbent LEC or by a competitive carrier using unbundled elements.

⁷ See Gillan Supplemental Rebuttal Testimony at 3-9.

⁸ See Gebhardt Testimony at 51-52.

⁹ See 47 C.F.R. §§ 51.307(c), 51.309(b); FCC *Interconnection Order* at ¶¶ 356-68.

¹⁰ See Gillan Supplemental Rebuttal Testimony at 8-9.

The key is that the interexchange carrier, not the local carrier, makes the decision about from whom to purchase interoffice access transport and how to configure the access transport network it uses.¹¹ Thus, Ameritech's planned restriction on the unbundled local switching element is at odds with the reality of how networks function, and the offering cannot be found to satisfy the competitive checklist of § 271.

Finally, CompTel draws the Commission's attention to the other deficiencies of Ameritech's offerings presented in Mr. Gillan's testimony. Mr. Gillan shows that in addition to the access charges described above, Ameritech plans to impose the carrier common line charge and 75% of the residual interconnection charge on purchasers of unbundled local switching, in violation of the clear statutory requirement that network element charges be based on cost, even though the FCC rule that purports to permit the imposition of such charges – as a narrow, time-limited exception to the statutory requirement – has been stayed by the Eighth Circuit.¹² Mr. Gillan also points out that Ameritech intends to deny entrants the use of the routing algorithms and transport arrangements that it provides to itself and in-

¹¹ For example, it is the IXC to which the end user is presubscribed (or an IXC with no prior relationship to the end user that terminates long distance calls to that end user), that may choose to use dedicated or common inter-office transport trunks from the end office to its point of presence, and may choose to use either a competitive access provider's facilities or those of the incumbent LEC.

¹² Gillan Supplemental Rebuttal Testimony at 9-12. *FCC Interconnection Order*, at ¶ 717 ("Without further action on our part, section 251 would allow entrants to use those unbundled network facilities to provide access services to customers they win from incumbent LECs without having to pay access charges to the incumbent LECs."), *stayed in part sub nom. Iowa Utilities Board v. FCC*, No. 96-3321, Order Granting Stay Pending Judicial Review (8th Cir., Oct. 15, 1996).

stead, effectively would force entrants to engineer their own, less efficient, parallel interoffice transport networks.¹³ Mr. Gillan also shows that Ameritech's operational systems appear not to be prepared for commercial scale entry.¹⁴

Ameritech also concedes that "[t]o date, no telecommunications carriers have actually purchased any unbundled local switching elements."¹⁵ This fact alone defeats Ameritech's compliance with the competitive checklist, which requires that a BOC actually "provide" the checklist items to requesting carriers. Unbundled local switching is one of the checklist items as well as being a part of the unbundling requirement of § 251(c)(3).¹⁶ The fact that no carriers have actually purchased unbundled local switching also should raise concerns that there may be serious problems with the way Ameritech is offering the element that limit the attractiveness of the element to competing carriers. It also is an indication that the element may not yet been provisioned in accordance with the FCC's operational support require-

¹³ Gillan Supplemental Rebuttal Testimony at 13-14.

¹⁴ *Id.* at 16.

¹⁵ Ameritech Michigan's Responses to Attachment B, Introduction (MPSC Case No. U-11104, Dec. 16, 1996); Attachment at 22.

¹⁶ See 47 U.S.C. § 271(c)(2)(B) (competitive checklist includes "[a]ccess or interconnection *provided* ... by a Bell operating company to other telecommunications carriers...")(emphasis added); § 271(c)(2)(B)(vi) (checklist includes "local switching unbundled from transport, local loop transmission, or other services); 47 C.F.R. §§ 51.319, 51.391(c)(1) (definition of required unbundled network elements, including unbundled local switching capability).

ments.¹⁷ At the very least, without real-world verification of the reasonableness of an unbundled element offering demonstrated through carriers' purchase and use of the element, the Commission must examine the way the element is offered very closely and critically.

In sum, for the reasons given above and in the attached testimony, Ameritech's unbundled local switching element fails to comply with the standard set by § 271. There likely are other defects of this element that other parties will identify in their comments. Moreover, as discussed above, when the element is actually being provided operational and other difficulties may also become apparent. Ameritech cannot be permitted entry prematurely, before it has fully satisfied the local competition prerequisites in the statute. If it is, competition for both local and long distance telecommunications will be harmed, to the detriment of

¹⁷ FCC Interconnection Order at ¶¶ 315-16, 516-28; *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, Second Order on Reconsideration, CC Docket No. 96-98, FCC 96-476 (released December 13, 1996) ("FCC Interconnection Second Reconsideration Order").

Michigan consumers. The Commission therefore should find that Ameritech has not yet complied with the competitive checklist of the Telecommunications Act of 1996.

Respectfully submitted,

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